

## Message Text

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ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02  
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02  
FEAE-00 OMB-01 AF-10 ARA-06 EA-07 EUR-12 NEA-10  
OIC-02 /135 W

-----041646Z 128066 /50

P 041424Z MAY 77

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 2437

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ACTION STR

H PASS CODEL

E.O. 11652: NA

TAGS: ETRD MTN

SUBJ: INITIAL INPUT FOR US NOTIFICATION OF QR'S MAINTAINED  
BY LDC'S

REF: STATE 90623

1. REFTTEL RAISES THE ISSUE OF OUR PROSPECTIVE NOTIFICATIONS IN THE QR SUBGROUP OF OTHER COUNTRIES' QR'S, ESPECIALLY THOSE OF THE LDC'S. US MTN DEL UNDERSTANDS FROM CONVERSATIONS WITH WASHINGTON AGENCY REPRESENTATIVES THAT EXTENSIVE LISTS OF QR'S MAINTAINED BY LDC'S HAVE BEEN PREPARED USING INFORMATION DEVELOPED BY THE ADVISORY SYSTEM. WE ALSO UNDERSTAND THAT THE ADVISORY SYSTEM HAS RATED THE QU'S ACCORDING TO THE POTENTIAL TRADE IMPACT, IF A SPECIFIC QR WERE TO BE LIBERALIZED.

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2. IN DRAWING UP THE NEXT SET OF NOTIFICATIONS TO BE SUBMITTED THROUGH THE QR SUBGROUP PROCEDURES, US MTN DEL BELIEVES THE FOLLOWING CONSIDERATIONS SHOULD BE TAKEN INTO ACCOUNT: (A) THE LDC'S ARE NOT LIKELY TO MAKE SIGNIFICANT TARIFF CONCESSIONS, AND, IN ANY EVENT, (B) TARIFFS ARE RARELY THE MAJOR MEANS OF PROTECTION EMPLOYED BY LDC'S, AND, THEREFORE (C) FOR MOST LDC'S

WE MUST LOOK ELSEWHERE FOR SIGNIFICANT CONCESSIONS. ALTHOUGH WE ANTICIPATE LDC CONTRIBUTIONS IN SOME AREAS, E.G. TROPICAL PRODUCTS, CUSTOMS MATTERS, AND SELECTED NTM CODES, THESE AREAS, IN OUR VIEW, ARE NOT LIKELY TO FULLY COMPENSATE FOR THE ADVANTAGES LDC'S WILL ACCRUE FROM DC MFN CONCESSIONS -- BOTH TARIFF AND NON-TARIFF -- AS WELL AS PARTICULAR PROVISIONS FOR SPECIAL AND DIFFERENTIAL TREATMENT. EVEN THOUGH A NUMBER OF LDC'S ARE LIKELY TO AGREE TO SOME TARIFF CUTS, OR AT LEAST CEILING BINDINGS, SUCH CUTS WOULD NOT BRING SIGNIFICANT BENEFITS IN THE FACE OF THEIR COMPREHENSIVE DISCRETIONARY LICENSING SYSTEMS. OF COURSE, IF WE ARE SUCCESSFUL IN REDUCING OR ELIMINATING THE TRADE EFFECTS OF SUCH SYSTEMS FOR SPECIFIC PRODUCTS, THEN TARIFF CONCESSIONS ON THOSE PRODUCTS COULD BRING SIGNIFICANT BENEFITS.

3. IN THE LIGHT OF THE ABOVE, A MAJOR AREA FOR POSSIBLE LDC CONTRIBUTION IS IN THE QR NEGOTIATIONS (I.E. DISCRETIONARY LICENSING CONCESSIONS). IN THIS ASPECT OF THE NEGOTIATIONS, WE CAN DIRECTLY DISCUSS THEIR DISCRETIONARY LICENSING SYSTEMS, AND, THROUGH THE QR NOTIFICATION/CONSULTATION PROCEDURES, WE CAN FOCUS ON THOSE PRODUCTS OF PARTICULAR TRADE INTEREST TO THE UNITED STATES. THEREFORE, OUR NOTIFICATIONS SHOULD REFLECT THE SIGNIFICANCE WE ATTACH TO THIS AREA OF THE NEGOTIATIONS.

4. WE COULD PROCEED WITH THE NOTIFICATIONS IN TWO GENERAL DIRECTIONS: (1) NOTIFY ONLY OUR HARD CORE, HIGHEST PRIORITY, ITEMS OR (2) OFFER A "SHOPPING LIST" APPROACH ON NOTIFICATIONS LIMITED OFFICIAL USE

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THAT ALLOWS THE INDIVIDUAL LDC TO CHOOSE THOSE ITEMS WHERE THEY BELIEVE THEY CAN MOST AFFORD CONCESSIONS. CONSIDERING THESE TWO EXTREMES OF NOTIFICATION PHILOSOPHY, WE WOULD SUGGEST SOMETHING CLOSER TO THE MIDDLE. BY TAKING SUCH AN APPROACH WE WILL DEMONSTRATE OUR SERIOUSNESS IN SEEKING REASONABLE LDC CONTRIBUTIONS ON QR'S WHILE TRYING NOT TO FRIGHTEN LDC'S AWAY FROM ENGAGING IN CONSTRUCTIVE NEGOTIATIONS.

5. RECOMMENDATION: THE US SHOULD NOTIFY THOSE QR'S IN WHICH WE HAVE A LEGITIMATE AND STRONG TRADE INTEREST, BUT SHOULD TRY TO LIMIT THE NUMBER OF THESE NOTIFICATIONS TO CONVEY OUR SERIOUSNESS IN NEGOTIATING SUCH QR'S. IN THE FIRST INSTANCE, USING THE INFORMATION COMPLIED FROM THE ADVISORY PROCEDURES, WE SHOULD LIMIT OUR NOTIFICATIONS TO THE EQUIVALENT OF THE ISAC'S "A" PRIORITY ITEMS. IF SUBSEQUENT CONSULTATIONS REVEAL THAT LDC'S ARE NOT WILLING TO OFFER SUFFICIENT CONCESSIONS ON THE PRIORITY "A" QR'S, THEN WE COULD MAKE ADDITIONAL NOTIFICATIONS ON THOSE QR'S THAT HAVE A LESSER PRIORITY. WALKER

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, POLICIES, TRADE CONTROLS  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
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**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**TAGS:** ETRD, US, MTN  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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